
Purpose	To describe the sanction system and identify the violations.
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Overview of the Sanction System

The Nebraska WIC Program has implemented a sanction point system to objectively monitor all WIC authorized vendors.

The following are definitions of terms used to describe the Nebraska WIC Program Sanction System.

Vendor Violation – any intentional or unintentional action of a vendor’s current owners, managers, agents, or employees (with or without the knowledge of management) that violates the vendor agreement or Federal or State statutes, regulations, policies, or procedures governing the Program.

Violation – an infraction of Program regulations, policies, or agreements.

Investigation – a method used by the State WIC office to determine if violations are occurring.

Sanction – an administrative action taken as a result of a violation.

Pattern – based on the type, severity, and number of the incidences of the violation.

Various points are assigned to violations of the retail vendor agreement. These points range in value from 1 to 60 or permanent disqualification depending upon the seriousness of the violation. The points are retained for three months up to 72 months, depending upon the severity of the violation. Different methods of monitoring are utilized to determine if a violation has occurred. The methods of determining these violations include: inventory audit, compliance buys, food instrument edits, monitoring, Food Stamp Program reports, and additional methods as determined by the State WIC office.

Establishing a Pattern of Violations

Sanctioning points can be assessed for each single occurrence of that violation which is documented during any redemption analysis, monitoring visit(s), other formal visit(s) or follow-up of previous problems, inventory audits, or any other objective means. For those violations identified as requiring a pattern or during a compliance buy, sanction points are assessed upon at least three (3) independent documented repeated violations. The

**Establishing a
Pattern of Violations
(cont.)**

number of sanction points assigned to the violation determines the pattern of the number of occurrences of the violation before a disqualification can be assigned. When conducting inventory audits, a pattern can be established during a single review of the vendor's redemption records and depends on the magnitude of the shortfalls and the period of time over which they occur. A pattern of violations does not need to be present when applying a permanent disqualification.

Outline of Violations

Failure to comply with the terms of the Nebraska WIC Program Retail Vendor Agreement will result in sanction points being levied by the State WIC office. The following chart identifies the violations, the point value of the violation and the period of time the points are retained.

<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
Failing to display the official Approved Nebraska WIC Vendor Poster in a prominent place.	1	3 months
Accepting WIC food checks with the appearance of alteration.	1	3 months
Failing to clearly mark the purchase price on the shelf or food item for a category of WIC foods.	1	3 months
Failing to provide fresh and wholesome products in a sanitary environment.	1	3 months
Submitting ten (10) or more WIC checks for redemption with the Nebraska WIC Authorized vendor number stamp missing or unreadable within any calendar month.	5	6 months
Failing to maintain a minimum inventory of authorized supplemental food items in the store for purchase by WIC shoppers. "Minimum Inventory" as used in the agreement shall mean the amounts and kinds of authorized supplemental food items specified in the WIC Program Vendor Handbook (Attachment 1). Authorized supplemental food items are subject to change upon written request.	5	6 months
Failing to submit an accurate Food Price Reporting List within two weeks from date of request.	5	6 months
Altering information on the WIC check.	5	6 months
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<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
Requiring the WIC shopper to pay the difference or to return the prescribed items with a WIC check transaction.	5	6 months
Failing to obtain all Nebraska WIC authorized vendor number stamps (new or replacement) from the WIC agency.	5	6 months
Failing to report the loss of the Nebraska WIC Authorized vendor number stamp to the WIC Agency within two (2) working days.	5	6 months
Failing to return all authorized vendor number stamps to the WIC Agency within ten (10) days of the closure of the store, change in ownership, or termination of an agreement including any additional stamps the vendor may have purchased.	5	6 months
Failing to clearly endorse the back of a WIC check with the Vendor's bank deposit stamp or the Vendor's name and identifying number or address.	5	6 months
Failing to provide the cash register receipts, electronic journal entries, or acceptable records of the WIC check transactions for all problem checks for which the vendor is requesting review and possible reimbursement.	5	6 months
<i>Failing to provide the cash register receipts, electronic journal entries, or acceptable records of the WIC check transaction for all checks for which the WIC Agency or Department is requesting transaction records.</i>	5	6 months
Failing to maintain competitive prices for WIC approved supplemental foods as compared to other WIC authorized stores of the same peer group. Competitive prices are defined in the selection criteria and the vendor agreement.	5	6 months
Failing to provide sales data information to the department upon request.	5	6 months
Failing to transact WIC checks inside the authorized store location only.	5	6 months

<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
Failing to provide and document training to all employees who process WIC checks in WIC procedures and regulations.	5	6 months
Failing to only use the official Nebraska WIC Program Shelf Labels to identify WIC authorized supplemental foods.	5	6 months
Using the WIC Acronym or Logo for any purpose including promotion or incentives without the Department's approval.	5	6 months
Failing to maintain and post regular/minimum business hours. Minimum business hours are outlined in the vendor selection criteria.	5	6 months
Failing to attend (without just cause) on-going or required training.	10	6 months
Requiring the WIC shopper to sign the WIC check before the purchase price is completed.	10	6 months
Failing to record the purchase price on the WIC check at the time of purchase.	10	6 months
Requiring WIC shopper to purchase other items when redeeming WIC checks.	10	6 months
Seeking restitution from the WIC participant for reimbursements paid to the WIC Program or for WIC checks not paid by the WIC Agency.	10	6 months
Failing to offer WIC shoppers the same courtesies as offered to other customers and/or discrimination against a WIC shopper.	10	6 months
<i>Offering incentive items <u>solely</u> to WIC shoppers.</i>	<i>10</i>	<i>6 months</i>
Collecting sales tax on WIC check transactions.	10	6 months
Failing to maintain inventory records used for Federal tax reporting purposes, in addition to maintaining records in accordance with generally accepted accounting procedures and assure that records reflecting justification and receipt of WIC funds are available for inspection or audit by	10	6 months

<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
Federal, State, or other authorized personnel and assist these persons in their investigation.		
Failing to provide complete and acceptable purchase invoices from the wholesaler and/or other points of purchase and/or inventory records and/or receipts for documentation of inventory and payment of WIC authorized supplemental food items to the Department upon request.	15	12 months
Failing to pay the WIC Program within 30 days of receipt of the certified written notification for amounts paid by the WIC Agency on WIC checks processed by the vendor which were not payable.	15	12 months
Failing to allow monitoring and inspection of the store premises and procedures to ensure compliance with the agreement and state and federal WIC Program rules, regulations, and policies. (Monitoring and inspection includes, but is not limited to, allowance of access to WIC checks negotiated the day of monitoring, access to shelf price records, and any other vendor records pertinent to the purchase of WIC supplemental food items.	15	12 months
Failing to only purchase infant formula from the approved sources as maintained by the State WIC Office.	15	12 months
Redeeming WIC checks while the vendor is disqualified.	15	12 months
Failing to comply with the vendor selection criteria throughout the agreement period, including any changes to the criteria.	20	12 months
A pattern of providing unauthorized food items in exchange for WIC checks, including charging for supplemental food provided in excess of those listed on the WIC check.**	20	12 months
A pattern of providing credit or non-food items other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances in exchange for WIC checks.**	30	36 months

<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
A pattern of charging for supplemental food not received by the WIC shopper.**	30	36 months
A pattern of receiving, transacting, and/or redeeming WIC checks outside of the authorized channels, including the use of an unauthorized vendor and/or an unauthorized person.**	30	36 months
A pattern of charging WIC customers more for supplemental food than non-WIC customers or charging WIC customers more than the current shelf or contract price.**	30	36 months
A pattern of claiming reimbursement for the sale of an amount of a specific supplemental food item which exceeds the store's documented inventory of that supplemental food item for a specific period of time.**	30	36 months
One incidence of the sale of alcohol or alcoholic beverages or tobacco products in exchange for WIC checks.**	30	36 months
One WIC administrative finding of buying or selling WIC checks for cash (trafficking) or selling firearms, ammunition, explosives, or controlled substances in exchange for WIC checks.**	60	72 months
Supplemental Nutrition Assistance Program (Food Stamp Program) Disqualification	Disqualification from the WIC Program for the same time period as the Supplemental Nutrition Assistance Program (Food Stamp Program) disqualification	
One conviction by a criminal court of trafficking of WIC checks or selling firearms, ammunition, explosives, or controlled substances in exchange for WIC food instruments. A vendor shall not be entitled to receive any compensation for revenues lost as a result of such violation.	Permanent Disqualification from the WIC Program	

<u>Violations</u>	<u>Point Value</u>	<u>Points Retained For</u>
Permanent Disqualification from the Supplemental Nutrition Assistance Program (Food Stamp Program).		Permanent Disqualification from the WIC Program

** If the vendor is assigned any of the sanctions identified with two stars (**) a second time, excluding convictions for trafficking and Supplemental Nutrition Assistance Program (Food Stamp Program) disqualifications, this will result in double the disqualification period or double the civil money penalty (up to the maximum) limits). If a third or subsequent violation occurs of the starred sanctions, this will result in double the disqualification period with no option of a civil money penalty.

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NOTE: The State WIC Office may not authorize a vendor applicant if it determines the store has been sold in an attempt to circumvent a sanction.

**Notification of
Vendor Violations**

The State WIC office will notify the vendor of the initial violation, for violations requiring a pattern of occurrences in order to impose a sanction, prior to documenting another violation, unless the State WIC office determines that notifying the vendor would compromise an investigation. Such determinations will be made on a case by case basis.

Notification is not required for violations involving inventory audits, since a pattern can be established during a single review of the vendor's redemption records.

Notification is not required for WIC vendor disqualifications or civil money penalties based on Supplemental Nutrition Assistance Program (Food Stamp Program) sanctions.

Notification is not required for violations that only require one incidence before a sanction is imposed.